

# CEI 7

415 E. DIAMOND AVE. GAITHERSBURG, MD 20877

Ralph Duarte, CCIM Senior Advisor O: 301.526.2594 ralph.duarte@svn.com

JAD AUTO SERVICE

## Property Summary



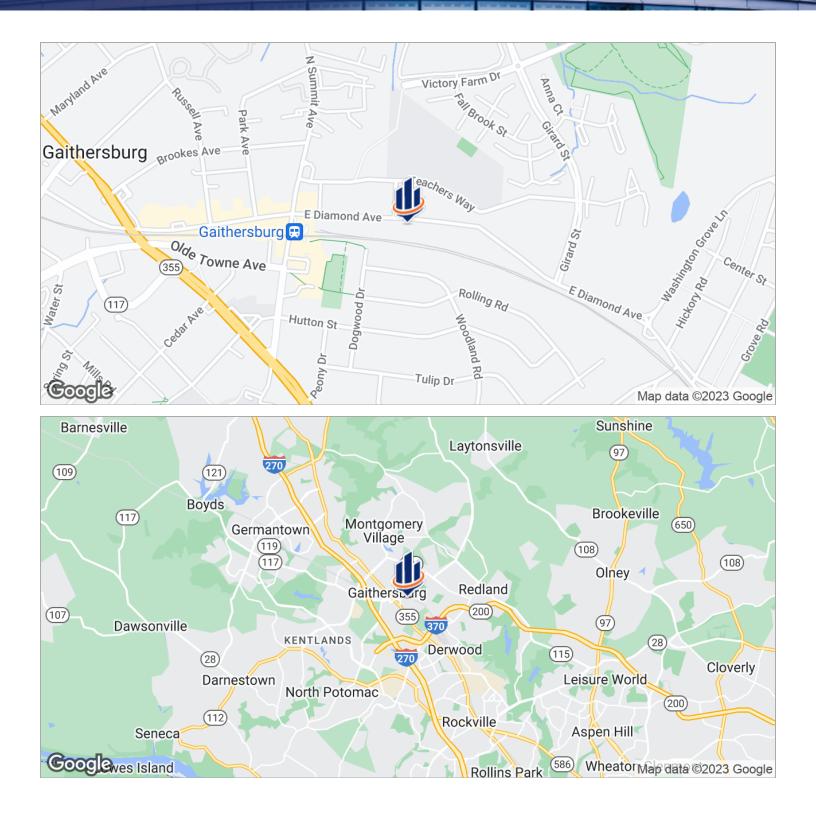
OFFERING SUMMARY	(	PROPERTY OVERVIEW
Sale Price:	\$1,800,000	Olde Town Gaithersburg has undergone a multi-year redevelopment plan to create a town center plan including retail, office and multi-family facilities. Olde
Cap Rate:	8.3%	Town Gaithersburg is one of 14 MARC Train stations serving Western MD on the Brunswick line. The property was re-zoned to CBD but retains I1 use until use
NOI:	\$150,000	change occurs.
Lot Size:	0.52 Acres	PROPERTY HIGHLIGHTS
LOT SIZE.	0.52 ACTES	Flex Style building with spacious offices
Year Built:	1986	House can be for residential or office use
Building Size:	11,000 SF	Central Montgomery County location
Dulluling Size.	1,000 31	MARC Train Station within walking distance
Renovated:	1999	
Zoning:	CBD	
Market:	Washington / Baltimore	
Price / SF:	\$163.64	

#### CEI 7 | 415 E. DIAMOND AVE., GAITHERSBURG, MD 20877

SVN | Miller Commercial Real Estate | Page 2

The information presented here is deemed to be accurate, but it has not been independently verified. We make no guarantee, warranty or representation. It is your responsibility to independently confirm accuracy and completeness. All SVN\* offices are independently owned and operated.

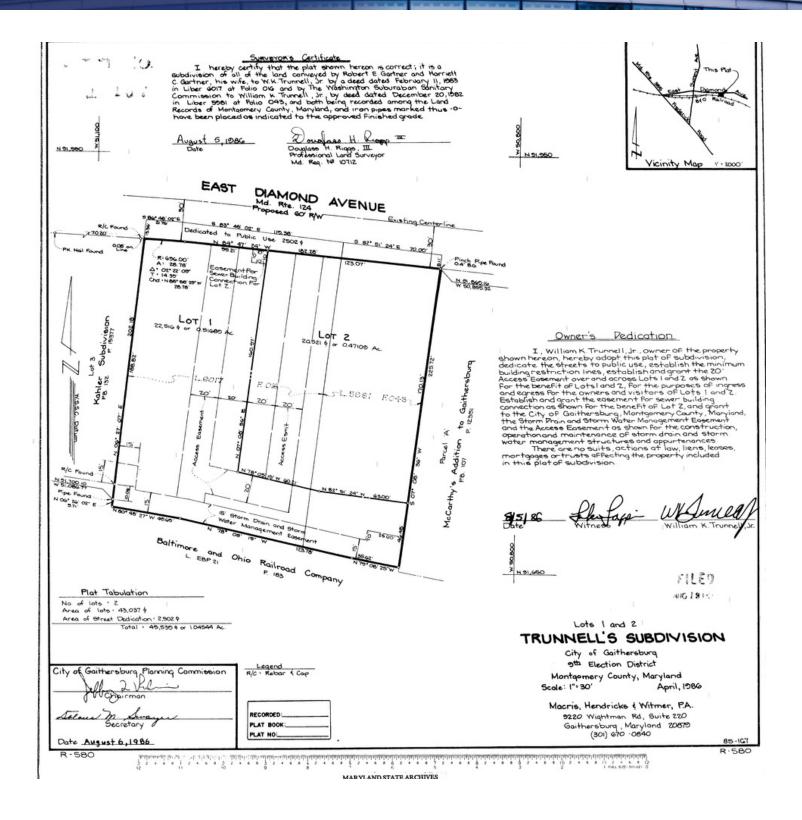
## Location Maps



#### CEI 7 | 415 E. DIAMOND AVE., GAITHERSBURG, MD 20877

The information presented here is deemed to be accurate, but it has not been independently verified. We make no guarantee, warranty or representation. It is your responsibility to independently confirm accuracy and completeness. All SVN® offices are independently owned and operated.

## Site Plan



#### CEI 7 | 415 E. DIAMOND AVE., GAITHERSBURG, MD 20877

The information presented here is deemed to be accurate, but it has not been independently verified. We make no guarantee, warranty or representation. It is your responsibility to independently confirm accuracy and completeness. All SVN® offices are independently owned and operated.

# Financial Summary

INVESTMENT OVERVIEW	P&L
Price	\$1,800,000
Price per SF	\$163.64
CAP Rate	8.0%
Cash-on-Cash Return (yr 1)	9.32 %
Total Return (yr 1)	\$56,428
Debt Coverage Ratio	1.35
OPERATING DATA	P&L
Gross Scheduled Income	\$156,000
Other Income	\$30,000
Total Scheduled Income	\$186,000
Vacancy Cost	\$6,240
Gross Income	\$179,760
Operating Expenses	\$32,945
Net Operating Income	\$146,760
Pre-Tax Cash Flow	\$37,843
FINANCING DATA	P&L
Down Payment	\$366,000
Loan Amount	\$1,470,000
Debt Service	\$109,000
Debt Service Monthly	\$9,083
Principal Reduction (yr 1)	\$31,800

CEI 7 | 415 E. DIAMOND AVE., GAITHERSBURG, MD 20877

SVN | Miller Commercial Real Estate | Page 5

## Rent Roll

TENANT NAME	UNIT NUMBER	UNIT SIZE (SF)	LEASE END	LEASE START	% OF BUILDING
Identity	415 A	1,800	7/2019	Current	16.36
Identity	417 C,D	2,480	7/2019	Current	22.55
Gaithersburg Auto	417 B	2,596	2/2017	Current	23.6
Tires 4 U	417/A	2,250	5/2018	Current	20.45
New Spectrum Electric	417 E	1,739	12/2018	Current	15.81
Totals/Averages		10,865			

Tenants	End Date	Options	Monthly Rent	Annual Rent	Lease	SF
New Spectrum Elec	12/31/2018	1	\$2,373	\$28,480	5 years	1739
Tire 4U	5/31/2018		\$2,285	\$27,424	5 years	2250
Gaithersburg Auto	2/28/2017		\$3,812	\$45,741	5 years	2596
Identity Youth	7/31/2019	2	\$4,537	\$54,442	4 years	4280
Totals			\$13,007	\$156,087		10865
Average Rent SF				\$14.37		

### 415 E. Diamond Ave. Rent Roll

Options

1. Identity has expansion option for this space which would trigger early termination of NSF lease.

2. Identity - Option to expand into NSF space.

415 &417 E. Diamond Ave - Projected P & L						
Income						
Rent	\$156,087					
Vacancy - 5% of scheduled rent	-\$7,804.36					
Cam Recovery - Estimated	\$30,000					
Total Revenue	\$178,283					
Expenses						
Maintenance	\$1,800					
Landscaping	\$2,000					
Permits & Licenses	\$601					
Professional Fees	\$6,000					
Pest Control	\$1,600					
Equipment Repairs	\$1,100					
Taxes	\$15,844					
Insurance	\$4,000					
Total Expenses	\$32,945					
Net Operating Income	\$145,338					

Disclaimer: All figures are based on estimated projected rent schedule and expense analysis available at the time of preparation. Validation of the current revenue and expense data is the resposibility of the buyer.

### LICENSE

This file was developed for the CCIM Institute, which holds copyright to the CCIM Business Forms Templates. The authority granted to you to use this file and the Templates included permit use only in the regular course of doing business, including giving copies of reports generated by the Templates to clients, their agents and consultants. Your authority to use the Templates expressly excludes any right to sell, rent or otherwise use the Templates for the purpose of deriving a source of income.

These CCIM Business Forms Templates are made available for use on an 'as-is' basis. Use of the Templates constitutes the user's waiver of any and all claims against the Institute and the author that may arise as a result of such use, including without limitation reliance on any conclusion indicated by the Template or any report generated by the Template, even if the Template is defective. All warranties, express or implied, are hereby disclaimed, including but not limited to any regarding the suitability of the Template for any application.

All use of the Templates must include the following notice:

"Reprinted with permission of the CCIM Institute / Copyright 2006"

DCF Analysis V 6.2 © Copyright 2006 by the CCIM Institute. All rights reserved.

	Maanu		Legend		
ιL	CCIM Institute Networking. Education. Technology.	Input Cells	Formula Cells	Description Cells	
D	CF Analysis Input Sheet	-12/6/2017	Clear & Reset		
	operty Assumptions				Instructions :
1	Name		415 E. Diamond		
2	Location		Gaithersburg		
3	Type of Property		Industrial / Retail / O	ffice	
4	Purpose of Analysis		Investment / Sale Ana	lysis	
5	Prepared By		Ralph Duarte, CCIM		
6	Size (Square feet or Number of Units)			10,865	
7	Assessed/Appraised Value of Land	ssessed Dollar Amount	▼	\$270,000	
8	Assessed/Appraised Value of Improvements	ssessed Dollar Amount	▼	\$953,000	
9	Assessed/Appraised Value of Personal Property A	ssessed Dollar Amount	▼		
10	Useful Life of Improvements (Years)	on-Residential (Commercial)	-	39.0	
11	Useful Life of Personal Property (Years)				
12	Acquisition Price			\$1,800,000	
13	Acquisition Costs	rcent of Acquisition Price	•	2.00%	

14 Potential Rental Income and Escalations			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
15 Potential Rental Income	Yr 1 total amount and annual % changes	▼	\$156,000	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
16 Other Income (Collectable)	Yr 1 total amount and annual % changes	•	\$30,000	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
17 Annual Vacancy Rates (Percent of Potential Rental Income)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

18 Operating Expenses and Escalations	Yr 1 total amount and annual % changes	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
19 Total Operating Expenses		\$33,000	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Fir	ancing Assumptions			1st Mortgage	2nd Mortgage
20	Loan Amount	Dollar Amount	T	\$1,170,000	\$300,000
21	Interest Rate	5.00%	6.50%		
22	Amortization Period (Years)			25	20
23	Loan Term (Years)			10	10
24	Payments Per Year	Twelve	$\mathbf{T}$	12	12
25	Loan Costs	Percent of Loan Amount	-	1.50%	1.00%

#### Investor/Owner Assumptions

26	Ordinary Income Marginal Tax Rate	34.00%				
27	20.00%					
28	28 Cost Recovery Recapture Tax Rate					
29	29 Anticipated Holding Period (1 - 10 Years)					
30	Disposition Price	Cap Rate	7.50%			
31	Disposition Cost of Sale	7.00%				
	Percent of Disposition Price					



### Cash Flow Analysis Worksheet

Property Name	415 E. Diamond	Acquisition Price	\$1,800,000
Location	Gaithersburg	Plus Acquisition Costs	\$36,000
Type of Property	Industrial / Retail / Office	Plus Loan Costs	\$20,550
Size of Property (sf/units)	10,865	Minus Mortgages	\$1,470,000
Purpose of Analysis	Investment / Sale Analysis	Equals Initial Investment	\$386,550
Prepared by	Ralph Duarte, CCIM		
Date Prepared	December 6, 2017		

MOR	TGAGE DATA		COS	ST RECOVERY	BASIS DATA		
	1st Mortgage	2nd Mortgage		Improvements	Personal Property		
Amount	\$1,170,000	\$300,000	Value	\$1,430,669		Acquisition Price	\$1,800,000
Interest Rate	5.00%	6.50%	C. R. Method	SL	SL	Acquisition Costs	\$36,000
Amortization Period	25	20	Useful Life	39.0		Total Acquisition Basis	\$1,836,000
Loan Term	10	10	In Service Date	1-Jan	1-Jan		
Payments/Year	12	12	Date of Sale	31-Dec	31-Dec		
Periodic Payment	\$6,839.70	\$2,236.72	12 Months % age	2.564%			
Annual Debt Service	\$82,076	\$26,841	11.5 Months % age	2.457%			
Loan Fees/Costs	\$17,550	\$3,000					

	TAXABLE INCOME											
En	d of Year	1	2	3	4	5	6	7	8	9	10	11
1	POTENTIAL RENTAL INCOME	\$156,000	\$160,680	\$165,500	\$170,465	\$175,579	\$180,847	\$186,272	\$191,860	\$197,616	\$203,545	\$209,651
2	-Vacancy & Credit Losses	\$3,120	\$3,214	\$3,310	\$3,409	\$3,512	\$3,617	\$3,725	\$3,837	\$3,952	\$4,071	\$4,193
3	EFFECTIVE RENTAL INCOME	\$152,880	\$157,466	\$162,190	\$167,056	\$172,068	\$177,230	\$182,547	\$188,023	\$193,664	\$199,474	\$205,458
4	+Other Income (collectable)	\$30,000	\$30,600	\$31,212	\$31,836	\$32,473	\$33,122	\$33,785	\$34,461	\$35,150	\$35,853	\$36,570
5	GROSS OPERATING INCOME	\$182,880	\$188,066	\$193,402	\$198,892	\$204,541	\$210,352	\$216,332	\$222,484	\$228,814	\$235,327	\$242,028
6	TOTAL OPERATING EXPENSES	\$33,000	\$33,660	\$34,333	\$35,020	\$35,720	\$36,435	\$37,163	\$37,907	\$38,665	\$39,438	\$40,227
7	NET OPERATING INCOME	\$149,880	\$154,406	\$159,069	\$163,872	\$168,820	\$173,918	\$179,168	\$184,577	\$190,149	\$195,888	\$201,801
8	-Interest-First Mortgage	\$57,952	\$56,718	\$55,420	\$54,057	\$52,623	\$51,116	\$49,532	\$47,867	\$46,117	\$44,277	
9	-Interest-Second Mortgage	\$19,277	\$18,771	\$18,230	\$17,654	\$17,038	\$16,382	\$15,682	\$14,934	\$14,137	\$13,286	
10	-Cost Recovery-Improvements	\$35,152	\$36,682	\$36,682	\$36,682	\$36,682	\$36,682	\$36,682	\$36,682	\$36,682	\$35,152	
11	-Cost Recovery-Personal Property											
12	-Loan Costs Amortization	\$2,055	\$2,055	\$2,055	\$2,055	\$2,055	\$2,055	\$2,055	\$2,055	\$2,055	\$2,055	
13	-											
14	-											
15	REAL ESTATE TAXABLE INCOME	\$35,444	\$40,181	\$46,681	\$53,425	\$60,422	\$67,682	\$75,217	\$83,039	\$91,158	\$101,118	
16	Tax Liability (Savings) at 34%	\$12,051	\$13,661	\$15,872	\$18,165	\$20,543	\$23,012	\$25,574	\$28,233	\$30,994	\$34,380	

	CASH FLOW											
17	NET OPERATING INCOME (LINE 8)	\$149,880	\$154,406	\$159,069	\$163,872	\$168,820	\$173,918	\$179,168	\$184,577	\$190,149	\$195,888	
18	-Annual Debt Service	\$108,917	\$108,917	\$108,917	\$108,917	\$108,917	\$108,917	\$108,917	\$108,917	\$108,917	\$108,917	
19	-											
20	-											
21	-											
22	CASH FLOW BEFORE TAXES	\$40,963	\$45,489	\$50,152	\$54,955	\$59,903	\$65,001	\$70,251	\$75,660	\$81,232	\$86,971	
23	-Tax Liability (Savings) (Line 16)	\$12,051	\$13,661	\$15,872	\$18,165	\$20,543	\$23,012	\$25,574	\$28,233	\$30,994	\$34,380	
24	CASH FLOW AFTER TAXES	\$28,912	\$31,828	\$34,280	\$36,791	\$39,360	\$41,989	\$44,677	\$47,427	\$50,238	\$52,591	



### Cash Sale Worksheet

### MORTGAGE BALANCES

1 End of Year:	1	2	3	4	5	6	7	8	9	10	
2 Principal Balance - 1st Mortgage	\$1,145,875	\$1,120,517	\$1,093,861	\$1,065,841	\$1,036,388	\$1,005,428	\$972,883	\$938,674	\$902,715	\$864,916	
3 Principal Balance - 2nd Mortgage	\$292,437	\$284,367	\$275,757	\$266,570	\$256,767	\$246,309	\$235,150	\$223,243	\$210,539	\$196,985	
4 TOTAL UNPAID BALANCE	\$1,438,312	\$1,404,883	\$1,369,617	\$1,332,411	\$1,293,155	\$1,251,736	\$1,208,033	\$1,161,917	\$1,113,254	\$1,061,901	
CALCULATION OF SALE PROCEEL	CALCULATION OF SALE PROCEEDS										
5 END OF YEAR	1	2	3	4	5	6	7	8	9	10	
6 PROJECTED SALES PRICE (Rounded to nearest 000)										\$2,691,000	
CALCULATION OF ADJUSTED BASIS											
7 Basis at Acquisition										\$1,836,000	
8 +Capital Additions											
9 -Cost Recovery (Depreciation) Taken										\$363,760	
10 -Basis in Partial Sales											
11 =Adjusted Basis at Sale										\$1,472,240	
CALCULATION OF CAPITAL GAIN	ON SALE										
12 Sale Price										\$2,691,000	
13 -Costs of Sale										\$188,370	
14 -Adjusted Basis at Sale (Line 5)										\$1,472,240	
15 -											
16 =Gain or (Loss)										\$1,030,390	
17 -Straight Line Cost Recovery (limited to gain)										\$363,760	
18 -Suspended Losses											
19 =Capital Gain from Appreciation										\$666,630	
ITEMS TAXED AS ORDINARY INCO	DME										
20 Unamortized Loan Fees/Costs (negative)										\$17,550	
21 +											
22 =Ordinary Taxable Income										\$17,550	
CALCULATION OF SALE PROCEEL	DS										
23 Sale Price										\$2,691,000	
24 Cost of Sale										\$188,370	
25 -Participaiton Payments on Sale											
26 -Mortgage Balance(s)										\$1,061,901	
27 +Balance of Funded Reserves											
28 =SALE PROCEEDS BEFORE TAX										\$1,440,729	
29 -Tax (Savings)on Ordinary Income (Line 22 x 34%)										\$5,967	
30 -Tax on Cost Recovery Recapture (Line 17 x 25%)										\$90,940	
31 -Tax on Capital Gain (Line 19 x 20%)										\$133,326	
32 =SALE PROCEEDS AFTER TAX										\$1,210,496	

COIM		Legend	
CCIM Institute Networking. Education. Technology.	Input Cells	Formula Cells	Description Cells
Measures of Investment	t Performan	се	
		A ( 1	

	Before	Tax		After Tax					
EOY	\$			EOY	\$				
0	(\$386,550)			0	(\$386,550)				
1	\$40,963			1	\$28,912				
2	\$45,489			2 3	\$31,828				
3	\$50,152			3	\$34,280				
4	\$54,955			4	\$36,791				
5	\$59,903			5	\$39,360				
6 7	\$65,001			6	\$41,989				
7	\$70,251			7	\$44,677				
8	\$75,660			8	\$47,427				
9	\$81,232			9	\$50,238				
10	\$86,971	+	\$1,440,729	10	\$52,591	+	\$1,210,496		
IRR =	23.18%			IRR =	- 18.49%				
NPV @	8.00%	=	\$682,440	NPV @	6.00%	=	\$580,495		

End of Year	1	2	3	4	5	6	7	8	9	10
Value Using Acquisition Cap Rate	\$1,854,000	\$1,910,000	\$1,968,000	\$2,027,000	\$2,089,000	\$2,152,000	\$2,217,000	\$2,284,000	\$2,353,000	\$2,424,000
Loan Balance	\$1,438,312	\$1,404,884	\$1,369,618	\$1,332,411	\$1,293,156	\$1,251,737	\$1,208,034	\$1,161,918	\$1,113,255	\$1,061,901
Loan to Value	77.58%	73.55%	69.59%	65.73%	61.90%	58.17%	54.49%	50.87%	47.31%	43.81%
Debt Service Coverage Ratio	1.38	1.42	1.46	1.50	1.55	1.60	1.64	1.69	1.75	1.80
Return on Asset	8.33%	8.58%	8.84%	9.10%	9.38%	9.66%	9.95%	10.25%	10.56%	10.88%
Before Tax Cash on Cash	10.60%	11.77%	12.97%	14.22%	15.50%	16.82%	18.17%	19.57%	21.01%	22.50%
After Tax Cash on Cash	7.48%	8.23%	8.87%	9.52%	10.18%	10.86%	11.56%	12.27%	13.00%	13.61%
Acquisition Cap Rate	8.33%									
Gross Rent Multiplier	11.54									



Legend							
Formula Cells	Description Cells						

Proof of Before Tax IRR

EOY	Cash Flows		Sale Proceeds						
	-386,550			-					
1	40,963								
2	45,489								
3	50,152								
4	54,955								
5	59,903								
6	65,001								
7	70,251								
8	75,660								
9	81,232								
10	86,971	+	1,440,729						
			IRR	=	23.18%				
					Beginning				
					Amount				
	Beginning		Amount		Plus	Amount		Ending	
	Investment		Earned/		Amount	Withdrawn/		Investment	
Year	Amount	+	Return On	=	Earned -	Cash Flow	=	Amount	Return Of
1	\$386,550	+	\$89,621	=	\$476,171 -	\$40,963	=	\$435,208	(\$48,658)
2	\$435,208	+	\$100,902	=	\$536,110 -	\$45,489	=	\$490,621	(\$55,413)
3	\$490,621	+	\$113,750	=	\$604,370 -	\$50,152	=	\$554,218	(\$63,597)
4	\$554,218	+	\$128,494	=	\$682,713 -	\$54,955	=	\$627,757	(\$73,539)
5	\$627,757	+	\$145,544	=	\$773,302 -	\$59,903	=	\$713,398	(\$85,641)
6	\$713,398	+	\$165,400	=	\$878,798 -	\$65,001	=	\$813,798	(\$100,400)
7	\$813,798	+	\$188,678	=	\$1,002,475 -	\$70,251	=	\$932,224	(\$118,426)
8	\$932,224	+	\$216,134	=	\$1,148,358 -	\$75,660	=	\$1,072,698	(\$140,474)
9	\$1,072,698	+	\$248,703	=	\$1,321,402 -	\$81,232	=	\$1,240,170	(\$167,471)
10	\$1,240,170	+	\$287,531	=	\$1,527,701 -	\$1,527,701	=		\$1,240,170
Tota	ls		\$1,684,758			\$2,071,308			\$386,550